THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Various agencies such as Indira Gandhi Institute of Development Research (IGIDR), Mumbai, Tata Institute of Social Sciences (TISS), Mumbai, National Institute of Agricultural Extension Management (MANAGE), YASHADA, Pune and SAKAL Group of Newspapers, Pune, which conducted in-depth studies to ascertain the factors leading to the suicide of farmers attributed, among others, the following major reasons for the suicides committed by farmers in the country:

- Borrowings from non-institutional sources;
- Crop failure;
- Non-remunerative price for the produce;
- Health related expenses;
- Failure of irrigation structures; and
- Poor extension services.

While indebtedness of the deceased farmers in Andhra Pradesh was mainly from informal sources, in Maharashtra, both formal and informal sources constituted similar proportions. Lack of opportunities for supplementary livelihood in non-farm sector, absence of safety nets to cushion economic shocks and expenditure on marriage and illness leading to increased and accumulated debt burden were some of the other important factors indentified for farmers suicides.

(b) As per data available with NABARD, the reported number of farmers suicides during the years 2004-05, 2005-06, 2006-07 and 2007-08 (till December, 2007) are 1832, 584, 274 and 291 respectively.

(c) to (e) Keeping in view the extreme conditions of the farmers in the 31 districts of Maharashtra, Andhra Pradesh, Karnataka and Kerala,a comprehensive Debt Relief Package for farmers premised on the package announced on 18.06.2004 but also specifically addressing the deep debt and distress of the farmers in the affected districts has been implemented. The main items of the package are as under:

(i) The entire interest on overdue loans as on 01.07.2006 will be waived in the affected districts such that all farmers will have no past interest burden as on that date. This should immediately make them eligible for fresh loan from the banking system.

(ii) The overdue loans of the farmers as on 01.07.2006 will be rescheduled over a period of 3-5 years with one year of moratorium.

(iii) An Additional credit flow will be ensured in these 31 districts in 2006-07.

As of now, interest worth Rs.824.98 crore, Rs. 1978.11 crore, Rs. 706.35 crore and Rs. 218.93 crore have been waived in the States of Maharashtra, Andhra Pradesh, Karnataka and Kerala respectively, of which 50% would be shared by Government of India and rest by the respective State Government.

Inflow of money

32. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that money flow from Federation of Indian Chambers of Commerce and Industry, FDI Salaried class to other sectors would have any impact on the country's economy; and

(b) if so, whether there is any policy before Government to regulate such type of inflows, if it is really affecting the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Foreign Direct Investment (FDI) complements and supplements domestic investment and, to some extent, bridges the saving-investment gap. FDI plays an important role not only as a source of capital but also for enhancing the competitiveness of the domestic economy through transfer of technology. Government has put in place a liberal and transparent FDI policy under which FDI up to 100 per cent is permitted through the automatic route in most sectors/activities.

Amendment of Indian Trustees Act, 1882

33. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government has decided to amend the Indian Trustees Act, 1882 so as to allow certain trusts to invest in securities, including shares and bonds of listed companies;

(b) if so, what is the eligibility criteria proposed for investment by private, public and religious trusts; and

(c) by when Government proposes to being forward an amendment in this regard before the Parliament?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) There is proposal to amend section 20 of the Indian Trusts Act, 1882 that deals with 'investment of trust money'.

Restrictions on overseas borrowings

34. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether India has imposed restrictions on the quantum of money the local companies can borrow from overseas;

(b) if so, the details thereof and the reasons therefor;

(c) whether experts are of the view that this measure is unlikely to stem the inflationary pressure and curb the rapid appreciation of the rupee; and

(d) if so, the details thereof and the Centre's response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The inflows of capital have been modulated through External Commercial Borrowings (ECB) by modifying some aspects of the policy with effect from August 7, 2007, *i.e.* ECB up to USD 500 million per borrower company per financial year has been permitted only for foreign currency expenditure on import of capital goods and/or overseas acquisition and for permissible end-uses of ECB both under the Automatic and Approval Route. Borrowers proposing to avail of ECB up to USD 20 million for rupee expenditure for permissible end-uses would require prior approval of the Reserve Bank of India under Approval Route.

(c) and (d) the exchange rate of rupee is dependent on the supply and demand conditions in the forex market. The day-to-day exchange rate management is in the domain of the RBI. As ECB is one of the sources of forex inflows, any modifications in the ECB guidelines may, by itself only marginally influence the inflationary pressure or rupee appreciation.